

MINUTES

**California Industrial Development
Financing Advisory Commission
State Capitol, Senate Hearing Room 4203
Sacramento, California
November 17, 2010**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Acting Chairwoman, called the California Industrial Development Financing Advisory Commission (CIDFAC) meeting to order at 10:33 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Cindy Aronberg for John Chiang, State Controller
John Chiang, State Controller
Cynthia Bryant for Ana J. Matosantos, State Director of Finance
Preston DuFauchard, California Corporations
Commissioner, Department of Corporations
Stanton Hazelroth for Dale Bonner, Secretary, Business,
Transportation and Housing Agency

Staff Present: Sherri Kay Wahl, Deputy Executive Director

Quorum: Ms. Redway declared a quorum was present.

2. APPROVAL OF OCTOBER 27, 2010 MEETING MINUTES

Ms. Redway asked if there were any questions or comments concerning the October 27, 2010 meeting minutes. There were none.

Ms. Redway asked if there was a motion to approve the minutes.

Mr. DuFauchard moved approval; upon a second, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEM)

Ms. Wahl reported that CIDFAC projects are starting to wind down for the year. The Cardenas project, which was scheduled to come to the Board in November, is wrapping up getting some permitting documentation to staff. Once that is received, the project will be brought to the Board to approve the requested Industrial Development Bond (IDB) allocation.

The Board has approved four Recovery Zone Facility Bonds (RZFBs) this year and another is on the agenda for today's meeting. This will result in about \$45 million of RZFBs that CIDFAC has facilitated this year. The Board has approved about \$10 million in tax-exempt allocation for the I-Bank and the California Pollution Control Financing Authority. CIDFAC staff has closed five bond issues so far, with three more awaiting approval, which will total a

little over \$39 million. Out of the \$90 million of IDB allocation CIDFAC received from CDLAC, approximately \$41 million is expected to be returned.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE ISSUANCE OF TAX-EXEMPT (TE) AND TAXABLE (TX) BONDS AND TRANSFER INDUSTRIAL DEVELOPMENT BOND (IDB) ALLOCATION

1) Cardenas Three, LLC

Withdrawn by staff.

2) Santini Foods, Inc.

Presented by: Deanna Hamelin, Associate Treasury Program Officer

Staff introduced Walt Vennemeyer, Progressive Capital.

John Chiang entered the meeting room at 10:37 am and took his seat on the Board panel.

The issuer, Alameda County Industrial Development Authority (ACIDA), on behalf of the Santini Foods, Inc., requested approval of an Initial and Final Resolution for an amount not to exceed \$5.8 million in tax-exempt and \$4.425 million in taxable IDBs and tax-exempt IDB allocation for an amount not to exceed \$5.8 million.

Santini Foods manufactures sweetened condensed milk, chocolate, white chocolate and caramel sauces, and also bottles olive oil. Bond proceeds will be used to finance the purchase of new food processing equipment.

The project received a total of 33 points out of 147 possible. The company anticipates hiring an additional 20 employees within 2 years of project completion.

Staff recommended approval of the Initial and Final Resolution for the total amount of \$10.225 million of bond financing and IDB allocation for an amount equal to \$5.8 million for ACIDA for the Santini Foods, Inc. project.

Ms. Redway asked if there were any questions or comments from the Board, or the public.

Mr. Vennemeyer stated that the company could not be present at the meeting due to an accident at one of their facilities the night before.

Ms. Redway asked if there were any further questions or comments from the Board, or the public. There were none.

Ms. Redway asked if there was a motion to approve the staff recommendation.

Agenda Item 2.

Mr. DuFauchard moved approval; upon a second, the motion passed unanimously.

3) Centinela Feed, Inc. (User: Lotus Pet Food, Inc.)

Presented by: Deanna Hamelin, Associate Treasury Program Officer

Staff introduced Ron Lee, Bond Counsel; John Stoecker, California Municipal Finance Authority (CMFA); and Jim Kordas, GE Government Finance.

The Issuer, CMFA, on behalf of Centinela Feed, Inc. and Lotus Pet Food, Inc. requested approval of an Initial and Final Resolution and tax-exempt IDB allocation for an amount not to exceed \$4 million in tax-exempt bond financing.

Centinela currently operates 13 retail locations within the Los Angeles area and each location sells pet supplies. The company will begin manufacturing its own pet food at its distribution center. Bond proceeds will be used to acquire and install new pet food manufacturing equipment.

The project received a total of 45 points out of 147 possible. The company anticipates hiring an additional 30 employees within 2 years of project completion.

Staff recommended approval of the Initial and Final Resolution and tax-exempt IDB allocation for an amount equal to \$4 million for CMFA for the Centinela Feed, Inc. and Lotus Pet Food, Inc. project.

Ms. Redway asked if there were any questions or comments from the Board, or the public.

Mr. DuFauchard asked what the relationship is between the borrower and user.

Mr. Kordas responded that Lotus Pet Food, Inc. is the entity that will be doing the manufacturing and Centinela Feed, Inc. is the go-to-market retail pet food name. There are 13 stores that operate under Centinela, but Lotus is the actual manufacturer of the pet food. It is a new entity. Previously Centinela had been using a company in Canada to manufacture its pet food, but were having quality control issues. So, the company is bringing the manufacturing in house.

Mr. DuFauchard then asked if Centinela is a wholly owned subsidiary of Proximity, and if Lotus is also a wholly owned subsidiary of Proximity.

Mr. Kordas responded affirmatively, stating that the Nakagawas own all three entities that make up Proximity.

Ms. Redway asked if there were any further questions or comments from the Board, or the public. There were none.

Ms. Redway asked if there was a motion to approve the staff recommendation.

Ms. Bryant moved approval; upon a second, the motion passed unanimously.

B. REQUEST FOR APPROVAL TO ISSUE RECOVERY ZONE FACILITY BOND (RZFB)

1) Reis Newark, LLC (User: Data Safe, Inc.)

Presented by: Deanna Hamelin, Associate Treasury Program Officer

Staff introduced Walt Vennemeyer, Progressive Capital and Tom Reis, Owner.

The Issuer, ACIDA, on behalf of the borrower, Reis Newark, LLC and the user, Data Safe, Inc., requested approval of a Resolution for the issuance of RZFBs for an amount not to exceed \$3.7 million.

Data Safe is a service company that handles the storage, retrieval and shredding of paper documents and digital computer formats. RZFBs will be used to construct a new facility and for the acquisition and installation of new equipment.

Staff verified that the Project is eligible for RZFB financing. Staff received executed copies of the documents that verify Recovery Zone Designation and Allocation as well as the Inducement and Final Resolutions and the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) requirements.

Staff recommended approval of the issuance of RZFBs, contingent upon the RZFB reallocation approval from CDLAC to ACIDA, for an amount equal to \$3.7 million in RZFBs for the Data Safe, Inc. project.

Ms. Redway asked if there were any questions or comments from the Board, or the public.

Mr. Hazelroth stated that he saw that only half of the RZFB allocation for California had been used, and asked whether that had changed or if much of it was going to go unused.

Ms. Redway replied that the question would be best presented at the CDLAC Board meeting later that day.

Mr. Vennemeyer added that the program was approved for \$26 billion and at the time that the unused allocation was remanded to CDLAC, only six projects in the United States were done, with four of them being in California. That left about \$500 million unused in California. The problem was that there were not enough banks to support the borrowers, as most of the companies that needed the stimulus could not qualify with the banks.

Ms. Redway asked if there were any further questions or comments from the Board, or the public. There were none.

Ms. Redway asked if there was a motion to approve the staff recommendation.

Agenda Item 2.

Ms. Bryant moved approval; upon a second, the motion passed unanimously.

5. PUBLIC COMMENT

Ms. Redway asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments or concerns, the meeting adjourned at 10:47 am.

Respectfully submitted,

Sherri Kay Wahl
Deputy Executive Director